

INTERNATIONAL TOURISM MARKET – THE REAL FORM OF EXISTENCE FOR EXCHANGE RELATIONS

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Abstract: In a limited way of approaching the term “market” is defined as a certain geographic place, a physical point where, at certain hours and certain days, buyers and sellers meet in order to buy and sell goods. For example, tourism has become one of the major international trade categories. Over time, an increasing number of destinations have opened up and invested in tourism development, turning modern tourism into a key driver for social-economic progress, through the creation of jobs and enterprises, infrastructure development, and the export income earned.

Key words: Services, market, services market, international tourism, commercial services, goods and services.

JEL Classification: L8, L83

1. Service market – a key to economic development, well-being and social prosperity

The large majority of people think that the term “market” appoints to agro alimentary places where peasants sell their products directly to customers. In other words, the market represents a certain geographic position, a physical point where, at certain hours and certain days, buyers and sellers meet in order to buy and sell goods. Considering the market as a material, concrete place is a limited way of approaching this term.

At present, the word “market” has more meanings even if it originally comes from the reason of those points of sell, which can be found today in certain places.

Nowadays, in developed economies, only a small part of selling and buying activities are carried out in concrete markets, the majority of them being achieved through retail and wholesale, import-export firms, salesmen, agencies of large companies. In such cases, the word “market” does not mean anymore a point that can be geographically and physically located, but the universality of relations that take place between the representatives of approaching the term “market”. If today specialists speak about market analysis, market making, labour market, capital market, oil, copper, cereal market, consumer goods and services market, the physical points of sell for products are no longer taken into consideration, but there is a desire for observing a higher or lower buying trend relating to a higher supply.

In conclusion, we can say that nowadays the term “market”, in its abstract sense, refers to general economic relations established between producers that provide production conditions within the market economy and consumers representing human necessity bearers, associated with people’s capacity of buying offered goods which are suitable for them, relations with frontiers not necessarily defined only through geographic area or conventional product classifications.

Selling and buying actions, pointed out through market economic relations, together with processes linked with the structure of demand and supply objectives, are in connection with the space and time they are taking place.

These entire functions specific to the market make possible the optimum exchange of different products, achieving in this way the main role of the market. But it is utopian to state the fact that markets are able to mediate these functions and role in an ideal way. Extreme situations, periods of under and over-production of major technical discoveries demonstrate the fact that markets are no longer able to automatically fulfill the role of economic stability regulator. But beside these limit situations political economy reached the conclusion that even in the so called "normal periods" the stability on certain markets can not be defined as being optimum. That is why today it goes without saying that the state has to interfere in several markets more or less intensively. This interference is obvious generally on the agricultural market, in mining, in the credit system and transport.

Sawn in the light of goods nature that represents the objective of commercial transactions, the goods market under the form of flows has as object both physical/substantial products and non-substantial products. Services as a socio-economic domain is one of those that offer invisible, abstract products which can be defined quantitatively only part and indirectly. However, just like the other useful economic goods producing activities, services had formed in time a personal market for the "products" they provide defined through factors with specific manifestation and determined by geographic, socio-economic and politic nature.

Sawn in the light of contemporary sense of the word market, the service market represents the economic sphere of interface between the interests of service suppliers materialized into service production and the interests of service buyers materialized into consumption. And as in case of services supply and consumption happen at the same place, the interference is going to be transformed in superposition in time and space of these to factors through service consumption.

But even if the service market is alike through its functions and role to other existing form of the market in general, however there are several particularities that distinguish it from the others, referring to quantitative or qualitative aspects:

- a) service market does not include in all the sphere of services because there are non-good services of noncommercial service formed of public and private services formed of public and private services that are not marketable and free of charge services provided by people to themselves;
- b) the difficulty is measuring the dimension and dynamic of service market comparatively with possibilities in this field regarding substantial product market comparatively with possibilities in this field regarding substantial product market.

Consequently, in order to determine supply, demand and the volume of transactions on the service market we must appeal to a succession of indicators. For example, in order to evaluate the tourism market as a representative subsystem of service market we have to use a subsystem of indicators regarding tourism resources both through the occupation point of view (the number of cultural-historical moments, average annual value of fixed and circulating funds, production capacity in tourism, working time) and through the consumption point of view (labor expenses, rent, total expenses, expenses generated by arranging and maintaining tourist objectives). We must also use the subsystem of indicators regarding the economic and social effects of tourism activities (net revenue, earnings from offering tourist services, contribution to national income and growth of the social labor productivity) ;

- c) The particular meaning of qualitative elements in estimating the position of a producer of country on the service market. For example, in comparative evaluation of tourist services regarding accommodation provided by several types of tourist structures, a special position are going to have qualitative criteria, meaning: convenience, safety, hygiene,

conditions for developing social relations, the diversity and quality of complementary food services, the fervency and quality of cultural artistic and recreation services;

- d) The particular way of competition expressed on the service market, which presents the following aspects:
- if in case of physical product market competition is firstly materialized in price, value being determined by subjective needs of each individual and the rarity of a certain product, in case of service market the rarity of the service does not has a significant role in price determination and accordingly not within competition because services are not homogenous and can not be compared. Therefore, competition by price is more varied, price estimation being related to several qualitative, physiological aspects often influenced by personal relation between service provider and customer. Consequently, taking into consideration the permanent differences among services regarding their quality prices used by different firms are various, but their fairness in accordance with production overheads is neither proved nor invalidated;
 - the greater frequency of monopoly and oligopoly situations determined by considerable entering and output costs form the service market, by objective economic difficulties regarding free entrance in the branch and capital free circulation;
 - each service enterpriser has a variety of means able to distinguish him from his competitors, first of all through quality even if it is not always entirely perceived by customers, and secondly through ambience from the firm and the personal relation maintained by the service provider with his clients, also having in mind geographical placement that very often represents the main criterion in service choosing;
 - in case of service market, transparency is limited by the immaterial feather of services, the reality that prevent competitors to know the secrets of superior technologies of producing and organizing their services or to understand the object of the dumping policy. At the same time, service consumers are not able to compare rigorously the price-quality relation for every service on the market because of time restrictions.

2. International tourism challend by deteriorating world economy.

Though not immune to the economic woes, tourism has so far resisted the economic downturn better than other sectors, such as construction, real estate and car manufacturing.

International tourist arrivals reached 992 million, in 2008 up from 904 million in 2007, in representing a grow of 2%. This overall growth builds on the strong results of the first part of the year, before the collapse of the financial markets and the subsequent recession. The second half of the year showed an abrupt shift in trend, with international arrivals flat or showing negative growth in each of the last six months of 2008. Overall, the 5% between January and June gave way to a 1% decline in the second half of the year.

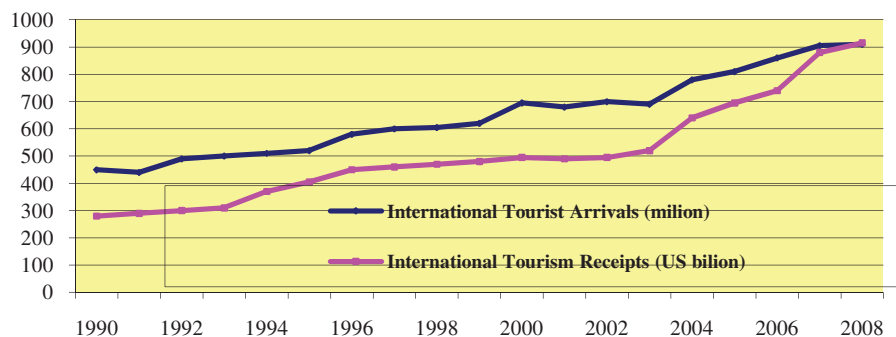
a. International tourist arrivals and international tourism receipts.

All regions had positive growth except Europe, which suffered stagnation in arrivals (+0.3%). The best performance was seen in the Middle East, where international arrivals reached 55 million, a rise of 18% over the previous year. Africa grew at half the rate of the previous year, but still registered an above-average growth of 4%. The Americas grew 3%, boosted by the strong performance of Central and South American destinations and the strength of traffic to the USA in the first half of the year. Asia and the Pacific saw a significant slowdown in arrivals as compared to its previous bumper year, growing just over 1% in 2008.

International tourism receipts rose by 1.7% in real terms in 2008 to US\$ 944 billion (642 billion euro). Receipts from international passenger transport are estimated at US\$ 183 billion, bringing the total international tourism receipts including international passenger transport (i.e. visitor exports) to over US\$ 1.1 trillion, corresponding to US\$ 3 billion a day. This represents around 30% of the worldwide volume service exports and 6% of overall exports of goods and services.

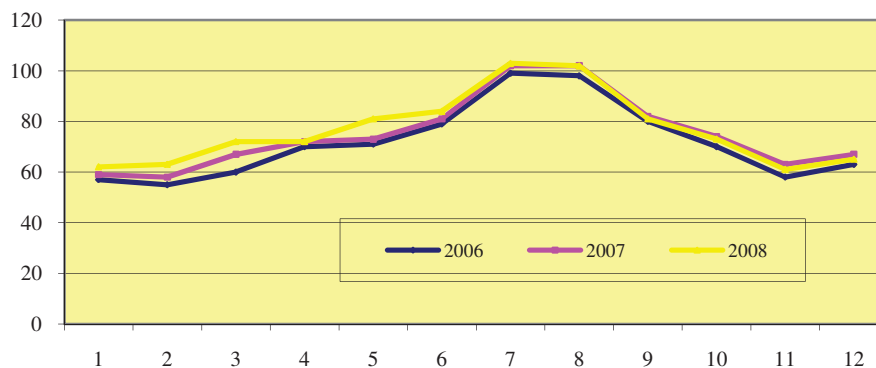
Tab. 1

Inbound Tourism, 1990-2008



Tab. 2

Inbound Tourism by month (million)



Tab. 3 International tourist arrivals

	International Tourist Arrivals (million)							Market share (&)	Change (%)		Average annual growth (%)
	1990	1995	2000	2005	2006	2007	2008		07/06	08/07	
World	438	534	684	804	853	904	922	100	6.1	2.0	3.8
Europe	265.0	309.5	392.6	441.8	468.4	487.9	489.4	53.1	4.1	0.3	2.8
Asia and the Pacific	55.8	82.0	110.1	153.6	166.0	182.0	184.1	20.0	9.6	1.2	6.6
America	92.8	109.0	128.2	133.3	135.8	142.9	147.0	15.9	5.2	2.9	1.7
Africa	15.1	20.0	27.9	37.3	41.5	45.0	46.7	5.1	8.4	3.7	6.7
Middle East	9.6	13.7	24.9	37.9	40.9	46.6	55.1	6.0	14.0	18.1	10.5

Source: World Tourism Organization (UNWTO) © (Data as collected by UNWTO. 2009)

Tab. 4 International tourism receipts

	Change local currencies, constant prices (%)			Share (%)	US\$			Euro		
					Receipts			Receipts		
					(billion)	per arrival		(billion)	per arrival	
	06/05	07/06	08/07	2008	2007	2008	2008	2007	2008	2008
World	5.3	5.4	1.7	100	858	944	1,020	626	642	700
Europe	4.2	2.7	-1.1	50.2	435.2	437.7	970	317.5	322.1	660
Asia and the Pacific	11.1	9.8	2.7	21.8	186.8	206.0	1,120	136.3	140.1	760
America	2.1	6.3	5.0	19.9	171.3	188.4	1,280	125.0	128.1	870
Africa	11.5	9.1	-1.0	3.2	29.1	30.6	650	21.2	20.8	440
Middle East	3.0	9.0	17.3	4.8	35.0	45.6	830	25.5	31.0	560

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO. 2009)

For destination countries, receipts from international tourism count as exports and cover transactions generated by same-day as well as overnight visitors. However, these do not include receipts from international passenger transport contracted from companies outside the travelers' countries of residence, which are reported in a separate category, 'International Passenger Transport'. Although the availability of comparable international data is somewhat limited the export value of international passenger transport has in recent years been estimated at around 16% of the combined receipts from international tourism and passenger transport, corresponding in 2008 to some US\$ 183 billion against US\$ 164 billion 2007.

This takes total receipts from international tourism, including international passenger transport, to US\$ 1.1 trillion in 2008. In other words, international tourism contributes over US\$ 3 billion a day to the world economy.

Visitor expenditure on accommodation, food and drink, local transport, entertainment, shopping, is an important pillar of the economies of many destinations, creating much needed employment and opportunities for development. More than 8- countries earned over US\$ 1 billion from international tourism in 2008.

In real terms, i.e. adjusted for exchange rate fluctuations and inflation, growth in international tourism receipts corresponded to 1.7% only slightly lower than the growth in international tourist arrivals. After the substantial growth in 2006 and 2007 – of over 5% in both years – this represents a considerable slowdown.

All regions shared in the increase in tourism receipts in absolute values. In real terms growth was in all regions much weaker in 2008 than the before with the exception of the Middle East, which registered a double-digit growth of 17%. Asia and the Pacific grew by 2.7% (compared to +9.8% in 2007) and the Americas increased by 5.0%, slightly less than 2007's 6.3%. Both Europe and Africa (-1% each), however, suffered negative growth in receipts in real terms.

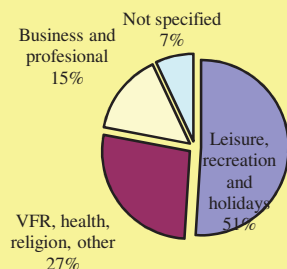
b. Motivations of visit and means of transport.

Travel for leisure, recreation and holidays accounted for half of all international tourist arrivals (51% of a total of 467 million arrivals, in 2008). Some 15% of international tourists reported traveling for business and professional purposes and another 27% traveled for other reason, such

as visiting friends and relatives (VFR), religious reasons pilgrimages, health treatment, etc. The purpose of visit for the remaining 7% of arrivals was not specified. Slightly over half of travelers arrived at their destination by air transport (52%) in 2008, while the remainder traveled over the surface (48%)- whether by road (38%), rail (3%) or over water (6%). Over time, the trend has been for air transport to grow at a faster pace than surface transport, so the share of air transport is gradually increasing.

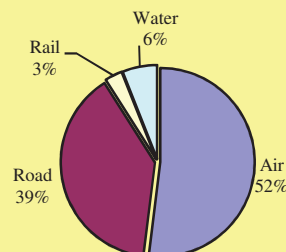
Tab. 5 (Source: World Tourism Organization)

Inbound tourism by purpose of visit, 2008



Tab. 6 (Source: World Tourism Organization)

Inbound tourism by means of transport, 2008



c. No major changes in the top ten

When ranked according to the two key tourism indicators- international arrival and international receipts- it is interesting to note that eight out of ten top destinations appear in both lists, even though they show marked differences in terms of the types of tourists they attract, as well as their average length of stay and their spending per trip and per night.

There were only slight changes in the ranking of the 'World's Top Tourism Destinations' in 2008. The top three places- both by international tourist arrivals and international tourist receipts- were still occupied by the USA, Spain and France, albeit in a different order. France continued to lead the ranking of the world's major tourism destinations in terms of arrivals, but ranked third in receipts. The USA ranked first in receipts, earning US\$ 110 billion and regained its second position in arrivals, which it lost to Spain after 11 September 2001. Spain dropped to third place in terms of arrivals but maintained its position as the second biggest earner worldwide, and the first in Europe.

China and Italy both held on to their 2007 position in terms of arrivals and receipts, with China ranking fourth in arrivals and fifth in receipts, while the reverse was true for Italy. The UK ranked sixth in arrivals and dropped to seventh place in receipts, after being overtaken by Germany (which ranked ninth in arrivals). Turkey moved up one rank in both categories, occupying the eight position in arrivals, and ninth in receipts. Completing the top ten ranking in arrivals were Ukraine (7) and Mexico (10) and in receipts, Australia (8) and Austria (10).

The top ten tourism earners last year accounted for 49% of the total estimated US\$ 944 billion in international tourism receipts. Their perspective share of international tourist arrivals was slightly lower at 45%.

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